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THE TRUE SOUTHERN PACIFIC RAILROAD

VERSUS

THE TEXAS PACIFIC RAILROAD.

SPEECH

OF

HON. JOHN W. JOHNSTON,

OF VIRGINIA,

IN THE

SENATE OF THE UNITED STATES,

JUNE 5, 1878,

CONTRASTING THE PLAN OF A GENUINE SOUTHERN TRANSCONTINENTAL RAILROAD, AS LAID DOWN IN S. BILL 1186,

WITH THE

SCHEME OF COL. T. A. SCOTT TO EXTEND THE FEEDERS AND CONNECTIONS OF THE PENNSYLVANIA RAILROAD TO THE PACIFIC OCEAN.

WASHINGTON

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SPEECH

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HON. JOHN W. JOHNSTON.

The Senate having under consideration the bill (S. No. 492) amendatory of and supplementary to the act entitled "An act to incorporate the Texas Pacific Railroad Company and to aid in the construction of its road, and for other purposes," approved March 3, 1871, and the several acts amendatory thereof and supplementary thereto—

Mr. JOHNSTON said:

Mr. PRESIDENT: On the 19th of March the Senator from Ohio [Mr. MATTHEWS] reported from the Railroad Committee of the Senate the bill No. 942, amendatory of and supplementary to the several acts of Congress heretofore passed in relation to the Texas and Pacific Railway. On May 2 I introduced into the Senate the bill No. 1186, which also proposes to amend and supplement the acts of Congress referred to. The Railroad Committee of the Senate has reported this bill to the Senate, with some important amendments. These amendments, while they enlarge the scope of the bill, are in perfect harmony with its original purpose, recognize the soundness of the principle which pervades it, and are only intended to extend its beneficial effects. My purpose in addressing the Senate to-day is not so much to urge upon the consideration of Senators the importance of a southern line of railway between the Mississippi River and the Pacific Ocean as it is to institute a comparison between these two bills as practical measures of legislation and to earnestly conjure Senators to take some action upon this subject now.

But, Mr. President, there is a question which lies at the threshold of this discussion, and it is this: Has Congress the power to deal with the franchises heretofore conferred upon the Texas and Pacific Railway Company and to divest that company of the land grant, or any part of it, heretofore made to it? The bill No. 1186 proceeds on the assumption that Congress has this power. In his argument before the Railroad Committee of the Senate and also in his argument before the House Committee on Pacific Railroads, which I have read with careful attention, the able and distinguished vice-president of the Texas and Pacific Railway Company, Governor Brown, of Tennessee, emphatically denied that Congress has this power. Governor

Brown based his denial of the power on what he claimed to be the plain meaning of the act of Congress of March 3, 1871, and of the amendatory act of May 2, 1872. Now let us see. The requirements of the act of March 3, 1871, on the subject of construction were superseded by those of the amendatory act of May 2, 1872, and it is not necessary to notice the act of 1871 further than to remark that it asserted a purpose on the part of Congress to reserve the right to do whatever might be deemed necessary to secure the speedy completion of the road.

The act of May 2, 1872, provides that—

The said Texas and Pacific Railway Company shall commence the construction of its road at or near Marshall, Texas, and proceed with its construction * * * westerly from a point near Marshall, and toward San Diego, in the State of California, on the line authorized by the original act, and so prosecute the same as to have at least one hundred consecutive miles of railroad from said point complete and in good running order within two years after the passage of this act, and so continue to construct each year thereafter a sufficient number of miles, not less than one hundred, to secure the completion of the whole line from the aforesaid point on the eastern boundary of the State of Texas to the Bay of San Diego, in the State of California, as aforesaid, within ten years after the passage of this act: *Provided, however*, that the said company shall commence the construction of said road from San Diego eastward within one year from the passage of this act, and construct not less than ten miles before the expiration of the second year, and after the second year not less than twenty-five miles per annum in continuous line thereafter between San Diego and the Colorado River, until the junction is formed with the line from the east at the latter point, or east thereof; and upon failure to so complete it, Congress may adopt such measures as it may deem necessary and proper to secure its speedy completion.

Governor Brown says:

Upon the theory that Congress, or the courts can ever declare a forfeiture of this land grant, certainly no court would hold that this could be done until the lapse of ten years after May 2, 1872, the date of the amendment, which would give us until May 2, 1882, to earn our land grant by the completion of our whole line; and in the mean time, neither by the legislation of Congress nor by the adjudication of a court, can the Texas and Pacific Railway Company be deprived of that grant nor of any of its franchises as conferred by the act.

Again, he says:

The event in which Congress may adopt other measures to secure the completion of the line is not in the failure of the company to build a certain number of miles per annum, as merely directed in the act, but it is upon its failure to complete the whole line in ten years, as clearly stated in the act.

The claim here made is, that this railway company, by the passage of the act of Congress of March 3, 1871, and of May 2, 1872, was invested with a franchise and land grant which neither Congress nor the courts could take away for a period of ten years from the passage of the act, even though the company should have failed to construct one mile of road during all that time. The claim is good to this extent, or it is wholly fallacious. To speak plainly, such a claim is pre-

posterous. Here is an application to Government for a franchise to build a transcontinental railway. It is alleged that the work is of national importance, and that the economical advantages to accrue to the Government from its speedy completion justify a liberal grant of the public lands to aid private capital in its construction. Congress admits the importance of the proposed work, and says to the company:

You shall have a grant of the public lands. You shall have great and valuable franchises. But you must complete this work in ten years. And to give assurance of your good faith, and that the work shall be performed in the reasonable time prescribed, you shall build so many miles each year from the east toward the west, and so many miles each year from the west toward the east.

This is the brief history of the case, as it is found written in the statutes. Is Congress to be charged with the egregious folly of having contracted with the company to wait ten years before taking other measures to secure the completion of this line of railway, while declaring its purpose to secure its *speedy* completion, and this, though only five miles of road shall be built within that time? The question answers itself. There is no controversy here about facts. It is admitted that what Governor Brown calls the *direction* of the act of May 2, 1872, in reference to the number of miles of road to be constructed each year has not been complied with by the company. It is competent, then, for Congress to exercise its reserved power over the whole subject-matter. Whether it will do so or not rests wholly within its own discretion.

I now proceed, Mr. President, to consider the leading features of these two bills and their claims, respectively, to the favorable consideration of Congress and of the country. I shall speak plainly, both as to the merits of the bill No. 942 and of the whole question of a southern line of railway to the Pacific; and if I speak of persons toward whom the attention of the country has been directed, because of their prominent connection with this great industrial enterprise, it must not be supposed that I have the slightest inclination or purpose to thwart or to advance the personal ends or the individual ambition of any man, or that I have any part or lot in the rivalries and jealousies of railway magnates. There is a readiness on the part of the people and, I am sorry to say, on the part of the press of the country to impute improper motives to those whose duty it is to legislate on questions of this nature and of this magnitude. Every public man stands to-day in a light as fierce as that which beats upon a throne. For my own part, whenever duty seems to me to call, I shall speak my mind freely, and, if need be, earnestly, upon any question or measure of public interest without any fear that the people of the State which sent me here as one of her representatives will ever suspect me of acting in my place here upon any other than public

considerations, and out of that regard for duty which it is to be hoped will ever, with the public men of our country, in the language of one of the most eminent of them all, "transcend all other regard."

The bill No. 942 proposes the construction of a single line of railway from Fort Worth, in Texas, by way of Fort Yuma, on the Colorado River, to San Diego, on the Pacific coast, a distance of about fourteen hundred miles. The bill provides that to furnish the company with the means to construct and fully equip this line of road the United States shall indorse a guarantee of interest at the rate of 5 per cent. per annum on the bonds of the company to the amount of $31,750,000. The interest on these bonds is to be paid semi-annually and the principal fifty years after date. But this is not the most striking feature of the financial plan proposed by the bill. Other bonds to the amount of $7,000,000, or $5,000 to the mile on the whole line of road, are to be issued by the company, and the interest in like manner guaranteed by the United States. Mr. President, I think the ordinary financial mind would be somewhat puzzled to conceive for what purpose this company could want money other than to construct and fully equip its road. But the construction and full equipment of the road is provided for by the guarantee of the interest on the $31,750,000. The bonds of the other series, amounting to $7,000,000, are to be sold by the United States—for what purpose? For the purpose of raising money to pay the interest as it accrues on the $31,750,000 of the bonds of the other series!

This is to make the Government party to a putting operation. The company being unable to meet the interest on the construction bonds amounting to $31,750,000, thinks that by selling some more bonds and getting time it can in the future pay interest on $38,750,000 with more ease than upon the smaller sum. This is the device of men in difficulties. Being pressed for debt they meet it by putting their own paper on the market. The proposition is to protect and relieve the Government by making larger the annual interest it is responsible for.

Mr. Wilkins Micawber was fond of this mode of financiering, and no doubt the company took the hint from him.

But there is a provision of section 4 of the bill which may be thought by some to challenge equal admiration. In that section, beginning with line 67, will be found the following:

> That for the purpose of providing funds for the prompt completion of the work any of said bonds denominated issue A, to be used for constructing and equipping said road, the interest upon which is to be guaranteed as aforesaid, may be sold by said company in lots of from $2,000,000 to $10,000,000, the proceeds to be retained in the Treasury of the United States, to be paid over by the Secretary of the Treasury, from time to time, proportionately as the said railway and telegraph lines shall be constructed and completed, according to the provision of this act; and, until so required, such fund shall be invested, at current market rates, in United

States bonds, such United States bonds to be sold from time to time and the proceeds of such sales delivered proportionately as sections of road shall be built, as hereinbefore recited; or, at the option of the Secretary of the Treasury, the Government shall allow interest at the rate of 4 per cent. per annum on such cash deposits.

Now, Mr. President, is not this a most complicated and altogether remarkable arrangement? It is here provided that, in advance of the construction of any road, these bonds may be sold by the railroad company in blocks of from two to ten millions of dollars. What then? The proceeds in money of the sales of these blocks of bonds shall be retained in the Treasury until needed by the company to pay for constructed road, and until so needed the money shall be invested in United States bonds, which latter bonds shall be sold from time to time, and the proceeds of the sales delivered to the company as sections of the road shall be built; or, instead of purchasing United States bonds with the money received from the sale of the guaranteed bonds of the company, the Government shall pay 4 per cent. interest on the money, while it remains in the Treasury, if the Secretary shall prefer to do so.

I would like for some advocate of this bill to explain to the Senate what there is in the bill, with this provision standing in it, to prevent the company from selling the whole of the $31,750,000 within six months after the passage of this bill, and long in advance of the construction of the road. If the bonds were so sold in advance, there could be no earnings to respond to the demand for interest on the guaranteed bonds as it accrued; and the Government would have to pay the interest on the bonds of the company in the hands of purchasers, and also on the money, the proceeds of the sale of the guaranteed bonds deposited in the Treasury. I make no suggestion that there is room for a job in the provision that the railroad company may sell these guaranteed bonds in lots of two or five or ten millions, until the whole $31,750,000 are disposed of, for it is no part of my purpose to make any insinuation against the personal integrity of any of the officers of this company.

The people are taxed to pay annually, in round numbers, $98,000,000 interest on the bonds of the Government. Feeling what a vast burden this is and how it has borne us into the very earth and is keeping us there, we have been striving to reduce the annual charge by negotiating bonds at a lower rate of interest. We descended from 6 per cent. to 5, from 5 to 4½, from 4½ to 4, and are not without hope of getting still lower. But can this be expected if Congress agrees to indorse bonds amounting to nearly $40,000,000 at the rate of 5 per cent.? Our effort should be to get all public securities at as low rate of interest as possible and we should do nothing to interfere with or prevent this. But we do interfere with it most seriously if we agree to go the

security of the company on the terms they propose. These bonds would absorb that much money which would otherwise be invested in United States four percents. The difference between 5 per cent. and 4 per cent. on $38,750,000 is $387,500 annually, and for the fifty years the bonds are to run would make $19,375,000, a sum not very far short of all that will be expended under bill 1186. The people are tired of bonds; they do not want any new ones. Let us pay what are out now, but issue no more.

There is another feature in this bill, Mr. President, to which I wish to direct attention. In section 3 of the bill, beginning on line 47, it is provided as follows:

That the Texas and Pacific Railway Company shall relinquish to the Government of the United States the grant of lands made to it for the construction of its line through the Territories of New Mexico and Arizona and the State of California, except its road-bed and right of way two hundred feet in width, and sufficient ground for depots, stations, section-houses, water-tanks, turn-tables, sidings, &c., necessary for the construction and operation of its line, by the act approved March 3, 1871, entitled "An act to incorporate the Texas and Pacific Railroad Company, and to aid in the construction of its road, and for other purposes;" and shall relinquish all right to the reservation of the public lands made under and by said act, upon the express condition, and for the express purpose, that is to say, that the reservation aforesaid shall be opened to settlement by the Government of the United States, and the lands contained therein shall be sold by the Government of the United States at the prices usually affixed to the Government lands in railroad reservations; and the Government of the United States shall appropriate one-half of the proceeds of the sales of the lands in said reservation, including the odd and even sections thereof; first, to the payment of interest upon the bonds herein and hereby authorized to be issued by said corporation; and any surplus remaining, from time to time, of this one-half of the proceeds, after the payment of interest, shall be applied to, and made a part of, the sinking fund for the redemption of the bonds herein authorized to be issued; and if at any time there should remain a surplus of this one-half of proceeds of sale in the Treasury after paying any semi-annual installment of interest, such surplus shall be invested in the bonds of the company herein authorized to be issued: *Provided*, They can be secured at par, or such price above par as may be agreed to by said company; and if the company's bonds cannot be purchased at par, or at the price above par meeting the approbation of said company, then such surplus shall be invested in United States bonds until needed for the payment of future installments of interest, and, if not so needed, shall form a part of the permanent sinking fund: *And provided further*, That when the Texas and Pacific Railway Company shall accept the provisions of this act, that acceptance shall be made and taken as a full and complete relinquishment of the donation of lands heretofore made to said company by the act of March 3, 1871, for the purposes herein and hereby expressed, and upon the express terms and conditions herein set forth.

At the expense of being very tedious, Mr. President, I have quoted this whole section. I appeal to every Senator, is not this section likely to become the fruitful parent of controversies between the company and the Government? What does it mean? The lands contained in the reservation "shall be sold by the Government of the United States," says the section; but suppose obstinate and purblind

American citizens should refuse to buy, what then? There is no limitation of time here within which anything shall be done; but it is stated with care and emphasis that the relinquishment of the reservation of the lands by the company is made "upon the express condition and for the express purpose" that the lands shall be sold by the Government, and that the Government shall appropriate one-half of the proceeds of the sales to the payment of the interest on the guaranteed bonds, &c. One-half of the proceeds of the sales of what? "One-half of the proceeds of the sales of the lands in said reservation, including the odd and even sections thereof," says this section of the bill. This is relinquishment with a vengeance. What, more or less, is this than to constitute the Government an agent for the transaction of the land business of this company at the Government's expense? And how long will it be before the agent will be called on to give an account of his stewardship? When this company shall be pressed to make provision for the interest on these guaranteed bonds, we may expect the response, "You took possession of my assets, and came under obligations to convert them into cash and to apply that cash to the payment of this interest; give me credit for the price at which you agreed to sell these lands or return them to me."

Mr. President, I hold one of two things to be certain: under the provisions of this bill the Government will either be required to credit this company with the value of these lands at the price agreed on, or to return the lands to the company. For one I protest against any such entangling alliance with this company as is proposed in this section of the bill. The French have a proverb "that it is only the first step which costs." Let us not take this first step. If we do, in my judgment, the cost will be such that we shall be long in counting it. The smoke of one battle with corporations that feel themselves strong enough to try conclusions with the Government itself has scarcely cleared away from the Senate Chamber. If the Government accepts an agency from the Texas and Pacific Company for the sale of their lands, and assumes the obligation to make application of the proceeds, we may confidently look forward to other conflicts the issue of which may furnish less occasion for rejoicing than that of the one to which I have alluded.

And if these conflicts did arise, recollect that the Government assumes a responsibility for fifty years. A half century would not see them terminated.

This bill contains substantially the same provisions as to "earnings," "net proceeds," &c., which have given rise to so much trouble, litigation, and legislation in regard to the Central and Union Pacific roads. With that example before us, why should we repeat the experiment and voluntarily engage the country in and distract Congress with such struggles?

Mr. President, we must correct the errors and the omissions of the past as best we can, and I am not one of those, if there are any such, who would make our mistakes and the troubles that have grown out of them an excuse for declining to promote the development of the country by prudent legislation in the future; but surely the experience of the past invites circumspection; we should put no more acts upon the statute-books that are certain to be productive of future controversies here and of wearisome contests in the courts of the country.

There has been a great deal said by the gentleman who stands at the head of the Texas and Pacific Railway Company, and by the advocates and promoters of this and other bills that have been introduced into Congress, about making the Texas and Pacific Railway "an open highway for the Government and the people." From much that has been said before the committees of Congress, in the press of the country, and in the corridors of this Capitol, we would be justified in concluding that this great enterprise has been undertaken and is to be prosecuted in a spirit of pure and unmixed benevolence; that there is nothing earthy about it. Let us see how true this pretension is. What are the provisions of the bill? In the eighth section will be found the following language:

SEC. 8. That the line of road constructed under the provisions of this act shall be maintained and operated by said company as an open highway, and as a postal and military route for Government purposes, at fair and reasonable rates of compensation for Government service, to be agreed upon and adjusted by the Secretary of War, the Postmaster-General, or the Secretary of the Interior, for their respective Departments, in conjunction with the proper officers of the road, not exceeding the amounts paid by private parties for similar services, the Government at all times to have the preference in the use of the road and its facilities for the purposes aforesaid.

What sort of an open highway for the Government and the people is this? The road is to be maintained and operated by the company. The company shall receive fair and reasonable rates of compensation for Government service, which rates shall be agreed upon and adjusted by certain officers of the Government for their respective departments, in conjunction with the proper officers of the road, and the rates charged the Government shall not exceed the amounts paid by private parties for similar services. That is all there is in this much vaunted open highway as far as the Government is concerned. The Government shall pay fair and reasonable rates for every service rendered by the company, and in making a bargain as to rates the company has just as much power as the Government. Now, how is it about services to be rendered by this company to the people?

In the first section of the bill will be found the following language. I quote the whole of it, for it is very important:

Fair and reasonable rates for the carriage of through freight and passengers

shall be agreed upon from time to time between the Texas and Pacific Railway Company and connecting companies, which shall not at any time exceed the rates charged by competitive Pacific railroad lines for similar business; but Congress shall at all times have the right to regulate rates for the transportation of such freight and passengers, and for postal and telegraphic service over the entire line of the Texas and Pacific Railway Company, and over the entire lines of connecting companies claiming privileges under the provisions of this act, and may exercise a general supervision and control, so far as it shall be necessary so to do, in the interest of the Government of the United States, to secure prompt transportation for its own wants and for the public, and to protect the actual capital invested, and all liabilities of the Government for guarantee of interest made under this act.

I call upon Senators to scrutinize this language, and I think they will agree with me that it is intended to secure high rates for transportation instead of cheap rates. In the first place it relates only to through freights and passengers. Fair and reasonable rates for the transportation of through freights and passengers shall be agreed upon between this and connecting companies, and Congress shall have the right to regulate rates for the transportation of such freight and passengers, and for postal and telegraphic service, &c., and may exercise a general supervision and control—for what purpose? To secure prompt transportation for its own wants and for the public and to protect the actual capital invested and all liabilities of the Government for guarantee of interest made under this act. Now, two things are to be here observed: Congress is given no power whatever to interfere to regulate rates on local freights; and the right given to Congress to regulate rates for the transportation of through freights and passengers is given for a specific purpose, and that purpose is to protect the capital invested and the liability of the Government for guarantee of interest, and the power of general supervision and control given to Congress is to be exercised for two purposes: one is to secure prompt transportation for its own wants and for the public and the other is to protect the actual capital invested. There is not even a semicolon between the grant of the power and the specific definition of the purpose for which it is granted.

What is necessary to protect the capital invested? Of course the operating expenses of the road must first be deducted from its earnings. Then interest must be paid on all its interest-bearing obligations and a sinking fund must be created to pay the principal of the company's bonds when they mature. Now, I ask if the language of this bill does not imply a consent on the part of Congress that this company shall be permitted to fix rates that will produce revenue enough to enable the company to respond to the several demands which I have enumerated? And if, as is charged, rates on other Pacific railroad lines are exorbitant and oppressive, this bill gives this company also the right to make the same charges, because it says "rates shall not at any time be charged to exceed those charged

by competitive railroad lines to the Pacific for similar business." This is a permission on the part of Congress to charge as much as the Central and Union Pacific roads do, especially if such charges are considered necessary to protect the capital invested and secure the Government.

Mr. President, I am endeavoring, to the best of my ability, to discharge what I believe to be a public duty. This bill seems to me to have been framed upon the idea that Congress would not scrutinize its provisions. I confess that I find it somewhat difficult to repress my indignation that Congress should be called on to consent to the provisions of this bill under the specious pretense of resisting monopoly and providing an open highway for the Government and the people. One great purpose of constructing this road is to develop the country through which it passes, to create new industries along its line, and to encourage the population of that vast territory between the Mississippi and the Pacific, which abounds in mineral wealth; where the labor of the agriculturist may find a rich reward, and where herds of cattle and sheep can be reared with less expense and consequently with greater profit than anywhere else on this continent.

It is more important to the people living near the line of this road that the rates of transportation on local freights should be moderate than that through freights should be carried at a low rate. The rate of transportation on through freights affects the people of the country indirectly. A high rate of transportation on local freights will affect every man living near the line of the road directly, and a high or moderate rate on what he produces and on what he consumes may make the difference to him and to his wife and children between comfort and poverty.

If at any time Congress should interpose to reduce the only freights it can interfere with—through freights—the reduction thus made will immediately be put upon local freights. What the company loses of income on the goods shipped from end to end of its road, it will make up on that transported only a part of the distance. The dollar taken off the box of goods from San Diego to the Mississippi River will be added upon the bale of cotton taken up at a way station. All this talk about an open highway and cheap rates finds no warrant in the provisions of this bill. And the pretense of giving Congress control over this road is a delusion and a snare, and cannot be too strongly condemned as a bold experiment upon our confidence.

Mr. President, I regard bill No. 942 as a positive menace to the commercial interests of the South—I mean to the States of Texas, Arkansas, Louisiana, Mississippi, Tennessee, Alabama, Florida, Georgia, North and South Carolina, Virginia, and Kentucky. It is well known that the president of the Texas and Pacific Railway Company has

long clung with great tenacity to the idea of extending the Atlantic and Pacific road from Vinita, in the Indian Territory, to a point on the line of the Texas and Pacific road in the neighborhood of its intersection with the ninety-ninth or one-hundredth degree of longitude west. It cannot be doubted that this is a connection very much desired by the great Pennsylvania corporation at the head of which Colonel Scott stands. What southern man can fail to see that if the Government of the United States will furnish Colonel Scott with the means to build a through line from Fort Worth, in Texas, to San Diego, and thus give him control of freights from the Pacific coast and intermediate points eastward, he will find the means to make the Vinita connection, and thus have it in his power to divert freights from Galveston, New Orleans, and South Atlantic sea-ports, and haul them by way of Saint Louis over his Pennsylvania lines? The southern man who can vote for a bill that exposes the South to such a danger must have greater faith in Colonel Scott's purpose to do justice to the Southern States than I, as one of the representatives of a State on this floor, am willing to repose in any man.

I wish now to ask, what has the Texas and Pacific Railway Company accomplished to entitle it to the favorable consideration of Congress? Instead of constructing its road westward from Marshall, in Texas, according to the requirements of the acts of 1871 and 1872, it has constructed about seventy miles of road from Marshall northward to Texarkana, and about one hundred and fifty-five miles from Texarkana westward to Sherman. On its main line westward, from Marshall, it claims to have constructed about one hundred and eighty-four miles to Fort Worth; but, in fact, about twenty-five miles of this part of the line was built by the Southern Pacific Railway Company of Texas before the Texas and Pacific Company came into the field. So that this company, since the passage of the act of 1871, has constructed only about one hundred and sixty miles of the main line provided for by Congress. It is claimed that this company has built about four hundred and fifty miles of road in Texas without any aid from the Government. That is true enough. But the company has received a land grant from Texas of twenty sections of land to the mile for every mile of road constructed. I have information, which I deem reliable, that the State of Texas has granted to the present company, the Texas and Pacific, 5,173,120 acres of land; and this does not include lands previously granted to the Memphis and El Paso and the Southern Pacific Companies, which have been merged in the Texas and Pacific. Now, what is the value of this land? In a very able speech delivered in the House of Representatives by Mr. CULBERSON, of Texas, on this question of the Texas and Pacific Railroad, on May 4, 1876, I find the following; speaking of the value of the Texas lands which this com-

pany then offered as security to the Government for the guarantee of the interest on the bonds, Mr. CULBERSON said:

> The value of the Texas lands may be estimated with absolute safety at $2 per acre.

And again he says:

> I have said, sir, that the present value of the Texas lands may be placed at $2 per acre; but when the road shall have penetrated the country beyond the rising city of Fort Worth and the gaps between Paris and Texarkana, and Sherman and Fort Worth shall have been completed, the enhanced value of these lands will augment this security more than double.

From this it will be seen, if we take Mr. CULBERSON'S lowest estimate of the value of these lands, that this company has already received from Texas more than $10,000,000 in value. If the company had built its road through Texas to El Paso, on the Rio Grande, it would have received from Texas, in round numbers, about fourteen millions of acres of land. This would represent a value of $28,000,000, at Mr. CULBERSON'S lowest estimate.

I proceed now to consider the twelfth section of the bill reported by the committee. It is the section which provides for, or rather does not provide for, a connection of the road with the Mississippi River. It is that section which meets my most determined opposition. So far as I am concerned, no bill shall ever become a law which does not certainly provide for good and adequate routes to the Mississippi, so as to give the Southern States east of that river their due and proportionate share of benefits. Let us examine this section critically for if it does not compel the Texas Pacific Company to extend its line from Marshall to the Mississippi, then there is nothing in the bill to that end. Let us look at it in the light of the past and judge what the intentions of its projectors are as developed by their acts heretofore. Recollect that the president and controlling man of the Texas Pacific is also the controller of roads extending from Philadelphia to Saint Louis; that among the many bills brought forward for the completion of the Texas Pacific road, that bill which stopped the road at Marshall, Texas, two hundred and fifty miles west of the Mississippi, and established a direct connection with Saint Louis by way of Vinita, was most vehemently and persistently urged, although the Vinita connection, or extension, was positively prohibited in the original charter. Viewed in these lights, and in the light of its own terms, I insist that the twelfth section will never be executed so as to establish a connection with the Mississippi, and that no such connection or route is intended or contemplated by its projectors and abettors.

The first provision is that as soon as the terminus is fixed the first-mortgage bonds for the construction of a road from some point on the Texas and Pacific line to the Mississippi shall be offered to capitalists, but it is carefully stated that the mortgage shall not include any part

of the projected line of road west of Fort Worth. That is to say, no part of the road aided by Government shall be mortgaged to build any part of the road from Marshall to the Mississippi, which receives no aid from the Government, and for which none is asked by the Texas Pacific managers. In other words, the extension of the Texas Pacific road to the Mississippi is left to build itself, if it can, with the strong intimation from its managers and controllers that the extension is not desired by them, and that they will make no effort to secure it. If this is not so, why are they not asking for aid?

Next, the terminus on the Mississippi, if, despite the efforts of its controllers to prevent it, the road should ever arrive there, is to be fixed by five commissioners to be appointed by the President:

Who shall examine the various proposed routes between the Mississippi River and the present constructed road of the Texas and Pacific Railway Company, and after considering all questions of distance, cost, and transportation routes, in view of foreign as well as domestic trade and commerce and also in view of an eligible connection with the Atlantic seaboard, and report where the line should be and where it shall connect with the Mississippi River.

Now, these are complicated, important, and onerous duties. The commissioners would have to examine with great care (for otherwise they could make no correct estimate of the probable cost) at least three long lines—one to Memphis, one to Vicksburgh, and one to New Orleans. These three routes could only be properly examined at the expense of much labor, time, and money, and yet there is no time fixed for the commissioners to begin the work or to make their report upon it. In the event that they should disagree and make no report there is no authority to appoint another commission, and if they should agree and report, their action has to be approved by the President.

But if the commissioners should make a report and the President should approve it, what then? Why, the Texas and Pacific Company can let the matter drop right there, if it chooses, for there is nowhere in the bill any clause which obliges them to build the connection by imposing a penalty for failure. In one of the House bills there was a clause providing for forfeiture, but in the Senate bill now under consideration, and which the Texas and Pacific Company are urging, that clause is conspicuous by its absence. I will read it for the information of the Senate:

And provided further, That the said Texas and Pacific Railway Company shall have the right to purchase the charter, franchises, and property of any existing line, if any there be, on the selected route, or construct a new one, at the option of said company; and that a failure to so purchase or construct, at the rate herein provided, on the eastern extension, shall work an absolute forfeiture of all right to the guarantee of the Government on the interest of the bonds to be issued for so much of the line as may remain unconstructed at the time of such default.

Thus it will be seen that no time is fixed for commencing or completing the connection to the Mississippi, and no penalty is imposed

if it is ne-er made. Twenty years hence the Texas and Pacific Company can say, if this connection is not built, "Congress did not require us to build it and we did not choose to do it. The fault is not in us, but in Congress." And they would have justification for so saying. And the same men who tell us and tell the world that they are unable to build the road west of Fort Worth with a large land grant and $10,000 per mile in greenbacks ask us to believe them when they say that they are going to extend their line to some point on the Mississippi, and that, too, without aid of any sort from the Government. They say they cannot borrow money to continue a road partly constructed and actually running, but that they can borrow money to construct a road upon which not a spadeful of earth has been moved and the terminus of which is unknown.

This twelfth section also provides that the authority of the State or States through which the line may be located shall be obtained before the road shall be built, and that the eastern terminus shall be on the east bank of the Mississippi River, wherever this point may be designated. Now, it is not improbable that some point in the State of Mississippi might be designated as the eastern terminus, and I am informed that the Legislature of that State does not meet again until the year 1880, so that there would necessarily be a long delay in obtaining the consent of that State.

The great purpose in building a southern transcontinental road is to connect the country watered by the lower Mississippi with the Pacific coast. For years Congress has been besieged on the subject, and now it is asked to pass a bill which does not provide for such connection. There is not one word or line in the bill of the committee which renders such a connection a certainty. This defect alone is sufficient cause for my opposition to the bill, and hence I have antagonized it with mine, which does make connection with the Mississippi by more than one route certain and effectual.

Shreveport, which is in the State of Louisiana, is now the virtual terminus of the Texas and Pacific road. It is from that point that the extension to the Mississippi River under the provisions of the twelfth section of bill 942 would be made. Now, the consent of all the States through which any part of the road is to be made must, under the bill, be first obtained. If Memphis be the point selected, then Louisiana, Arkansas, and Tennessee must all give their consent. If Vicksburgh is chosen, then Louisiana and Mississippi must express their approval through their Legislatures. But, as I have said, the Legislature of Mississippi will not meet till 1880; so that, with the utmost efforts and good faith on the part of the company, this connection could not be commenced for two years. But there is nothing to compel the company to endeavor to procure the consent of the States; and if they did, is it sure they would succeed? Louisiana might

think the road ought to go to New Orleans, and refuse to agree that either Memphis or Vicksburgh should be the terminus. Thus it will be seen with what difficulties the making of the eastern connection is surrounded, what opportunities it gives for delay and inaction if desired, and how even the utmost and most zealous efforts on the part of the company to carry out the requirements of the twelfth section might nevertheless fail of success; for note all that has to be done:

First. The appointment of a commission.

Second. The meeting of the commission and their examination of the various routes.

Third. The agreement in a report upon a subject upon which so much and so many different things are to be considered.

Fourth. The approval of this report by the President.

Fifth. The consent of all the States through which the road is to pass, which may be three in one event.

Sixth. After this is done and accomplished, then there is no obligation upon the company to take another step, no mode of compelling them.

The company has sought to impose conditions upon itself that are unnecessary and may be impossible: unnecessary, because nobody can think that it is necessary to obtain leave from the State to buy an existing railroad franchise; and possibly impossible, because the consent of the States may never be given.

Why should Congress delegate its power to select a terminus on the Mississippi to a board, no matter how or of whom constituted? What good can result to the country at large, or to that neglected and desolated section of it for whose regeneration this road is especially urged, by leaving it undetermined, as this bill does, where the eastern terminus of the road is to be, or whether it is to reach the Mississippi or not? To enact a law in this shape is an evasion of responsibility, and I for one recognize that it is the duty of Congress to fix the eastern terminus or termini and insist on the exercise of the duty.

There has been a great deal said about the necessity of building this Texas and Pacific line in order to prevent another company from establishing what is rhetorically described as a grinding monopoly. If the Texas and Pacific is not built, it is said the Southern Pacific of California will build its road to the Gulf of Mexico, or somewhere else, and the whole country will have to pay tribute to these railroad princes of the Pacific coast. Mr. President, I am not as much alarmed about monopolies as some gentlemen appear to be. The intelligent people of this country do not intend to tolerate monopolies. There may be exceptional cases, where for a time portions of the people may be obliged to submit to unreasonable exactions; but nothing that can be properly called a monopoly can exist in these United States.

In the case before us, if the Southern Pacific Railroad Company shall push their road across the continent to the Gulf of Mexico, it will be simply because their overtures are rejected by those with whom they are entirely willing to share the business that will legitimately belong to this southern line of road. The Southern Pacific Company are not intruders here. That Company was authorized by the act of 1871 to connect with the Texas and Pacific Company at the Colorado River, the boundary line between California and the Territory of Arizona. That company has built its road to that point, and the Texas and Pacific is twelve hundred and fifty miles away from the proposed point of connection. Is it a monstrous and altogether outrageous thing that this western company should ask permission, under these circumstances, to build its road eastward until it shall meet some other road connecting with the Gulf and Atlantic States? And how does it happen, Mr. President, that what was urged a short year ago as in the interest of the country should now be denounced as a monstrous thing which will result in fastening a grinding monopoly on the people? It will be remembered that at the last session of the Forty-fourth Congress Mr. LAMAR, of Mississippi, then chairman of the Pacific Railroad Committee of the House, reported to the House of Representatives a bill, by which it was proposed that the Texas and Pacific and the Southern Pacific of California should connect at a point in the Territory of New Mexico one hundred miles west of El Paso. That bill contained provisions for eastern connections with the Mississippi River similar to those contained in bill No. 1186. In reporting the bill to the House of Representatives, Mr. LAMAR said:

THE INTERESTS OF THE PEOPLE PROTECTED AGAINST COMBINATION OR MONOPOLY.

As to the interests of the people, it will be observed that the bill makes it impossible for the trunk line to become a monopoly strong enough to sacrifice local interests, for every local connection has the right under the provisions of the bill to use the trunk line as if it were in fact a part of it, and this right is capable of legal enforcement. It will be further observed that the bill provides for control by Congress over the rates for transportation of freight and passengers, and for postal and telegraphic service.

I ask again how is it that what was so good in 1877 is so bad in 1878? If the Texas and Pacific Company were willing to unite with the Southern Pacific for the accomplishment of a grand object then, why are they not now? What has occurred within the last twelve months to alter so completely the whole situation? To me it appears that the reasons are stronger now for the acceptance by the Texas and Pacific of the principles of the bill No. 1186 than they were then, because the Southern Pacific has made a good deal of progress within that time. The Southern Pacific Company has the right under general law to build through the Territories of Arizona and New Mexico. When it reaches the Rio Grande, under the general incorporation act

of the State of Texas it may form an organization to build through the State of Texas, and will become entitled to the land grant of sixteen sections to the mile which that State gives to every company which constructs a railroad within its limits. If the extension to the Gulf of Mexico of this Southern Pacific Railroad is a thing to be feared, I see no better way to prevent it than by the passage of bill No. 1186, to make it certain that other lines of railroad will meet it at El Paso.

I will now briefly consider, Mr. President, the bill No. 1186 introduced by me as amended by the Railroad Committee of the Senate. It proposes to secure the construction of a through line from El Paso, on the Rio Grande, to San Francisco, San Diego, and San Pedro, on the Pacific coast, with two branches from El Paso toward the Mississippi River, and connection on the Mississippi with Saint Louis, Memphis, Vicksburgh, and New Orleans. It also provides for a branch from a point in the Territory of New Mexico to connect the Southern Pacific of California with the Atchison, Topeka and Santa Fé road. It is known that the Southern Pacific road of California has a completed line connecting San Francisco with Fort Yuma, on the Colorado River, in Arizona Territory. This road has a branch running to a point within less than one hundred miles of San Diego. My bill proposes to authorize this company to build eastward to El Paso, on the western boundary of Texas, and to give it the same land grant offered by the act of 1871 to the Texas and Pacific Company. It also proposes to extend the Texas and Pacific line from Fort Worth to El Paso and to aid the construction of a line from San Antonio, in Texas, to El Paso. As above stated, the bill also provides for connections with four points on the Mississippi River. One of these connections is to be made by building a branch from a point on the Texas and Pacific line in the neighborhood of the intersection of that line with the one hundredth degree of longitude west to Vinita, in the Indian Territory, which is an extension in a southwestern direction of the old Atlantic and Pacific Railroad. The lines east of the Rio Grande provided for by the bill are as follows:

	Miles.
From Fort Worth to El Paso	650
From San Antonio to El Paso	600
From Orange, Texas, to Donaldsonville, Louisiana	150
From Shreveport, Louisiana, to Monroe, Louisiana	96
From Shreveport to New Orleans, (about)	300
From Jefferson, Texas, to Memphis	300
From Texas and Pacific line to Vinita	350
	2,446

The line connecting the Southern Pacific of California with the Atchison, Topeka and Santa Fé Road will be about three hundred

and fifty miles in length, making a total of about twenty-eight hundred miles. The completion of these lines of road would give direct rail connection between San Francisco and San Diego on the Pacific, and Galveston, New Orleans, Vicksburgh, Memphis, Saint Louis, Cincinnati, and Chicago, and through these points with the whole Gulf and Atlantic seaboard from Mobile to Portland. The bill proposes that the Government shall aid in the construction of all these lines, except the Southern Pacific of California, to the extent of $10,000 per mile of completed road. This $10,000 is not to be advanced in bonds, as was done with the Central and Union Pacific roads, nor by indorsing bonds, as the Texas and Pacific proposes, but in Treasury notes or such other currency as the Government uses. The people are not to be taxed to pay interest, but on the contrary receive 4 per cent. from the companies. It is the difference to the people between paying interest and receiving interest, between sending nearly $2,000,000 abroad every year for fifty years (for the chances are that the bonds, will be negotiated in Europe) and thus swelling the drain which has been impoverishing us, and retaining at home the whole amount invested in the work. The Government shall not pay out one dollar except for road already constructed and equipped. This makes it imperative that private capital shall take the initiative, and the Government will only advance its aid after sections of road are completed and in a condition to repay the amounts advanced. The bill provides that the companies receiving aid from the Government under its provisions shall be obliged at all times to transport supplies, munitions and materials of war, the United States mails, and to do all manner of railroad and telegraph service that the Government may require, and that all sums of money earned by the companies for services to the Government shall be credited to the companies, and no money shall be paid out of the Treasury for such services until the whole amount advanced to said companies, respectively, together with 4 per cent. interest per annum thereon, shall have been repaid to the Government.

The bill further provides:

That the rights of the Government provided for in the preceding section as against the companies named in the first, third, and fourth sections of this act, both as to preference of service and as to the withholding of payment therefor until all advances of money made to any of said companies are repaid, shall be continuing rights, running with the property against present or future proprietors of the said railroad and telegraph lines so receiving aid in money under the provisions of this act. And if the sums advanced by the Government, together with 4 per cent. interest per annum thereon, shall not have been repaid at the expiration of twenty years from the date of the final completion of the said railroad and telegraph lines, respectively, then the account between the Government and the said railroad companies, respectively, shall be stated and adjusted under the direction of the Secretary of the Treasury; and to the aggregate sum of principal and interest that may be then due to the Government there shall be added interest at

the rate of 4 per cent. per annum for another period of twenty years, which last aggregate sum of principal and interest shall be paid by the said companies, respectively, in forty semi-annual payments: *Provided*, That whatever sums are earned by the said companies, respectively, for services rendered to the Government as hereinbefore provided shall continue to be credited to the said companies, respectively, as before. And whatever sums may be necessary, after allowing such credits, to make up the amounts so to be paid semi-annually by the said companies, respectively, shall be paid out of the earnings of the said companies, respectively. And the Government of the United States shall have a lien upon the earnings of the said companies, respectively, for such amounts as may be necessary to make up said semi-annual payments, which lien shall have precedence of all other liens whatsoever, and may be enforced in such manner as Congress shall direct.

There can be no doubt that under the provisions of this bill every dollar advanced by the Government, with 4 per cent. per annum interest, will be paid. Under the provisions of the Texas and Pacific bill for the single line from Fort Worth to San Diego, it will require earnings of $1,135 per mile per annum to pay the interest on the bonds guaranteed by the Government. The advocates of that bill insist that the road cannot fail to earn a larger amount than $1,135 per annum. Now, under the provisions of this bill it will only require earnings to the amount of $400 per mile per annum to pay the interest on the amount advanced by the Government. If we assume that the amounts earned on these lines for mail transportation and telegraphic services to the Government for the first twenty years after their completion shall not be more than enough to pay the interest on the amount advanced by the Government, without reducing the principal, a very simple calculation will show that for another period of twenty years it will only require $900 earnings per mile per annum to pay off the whole amount advanced by the Government, with interest. My bill will secure the construction of about thirty-four hundred miles of road at an outlay in money on the part of the Government of about $28,000,000, to be advanced by the Government during six years of construction, while the Texas and Pacific bill proposes to build fourteen hundred miles of road, if the Government will guarantee the payment of 5 per cent. interest for fifty years on $38,750,000. Every Senator can decide for himself which of these two measures to support.

I have heard it said, Mr. President, that this bill asks a direct subsidy from the Government, while the Texas and Pacific bill asks no subsidy whatever. I do not stand here, sir, to try to deceive any one by specious arguments which do not convince my own judgment. I firmly believe what I have said, that under the provisions of this bill the lines of roads provided for will be built, and that every dollar advanced by the Government will be repaid with interest. I do not consider an advance which is to be repaid with interest as a subsidy any more than a loan of money to a solvent and responsible party is

a gift. My bill proposes that the Government shall aid those who have first put down their own money, and who have created by their labor and with their own means a sound and adequate security.

I consider the proposed line from San Antonio, in Texas, to El Paso, on the Rio Grande, of the utmost importance to this southern system of railways, and to the whole country. That line will secure the proper connection with Galveston and the Lower Mississippi River, and thus extend the benefits of the transcontinental line to the South Atlantic States. The construction of this line will also result in railway connections with the interior of Mexico. In this connection, Mr. President, I desire to call attention to a passage in the very able report made at the present session of the House Committee on Foreign Affairs on the relations of the United States with Mexico. After discussing the importance of steamship communication between our ports and the ports of Mexico, that committee said:

Of far more promise and importance to our commercial intercourse, but requiring more time for its practical application, would be the extension of one or more of our lines of railroad into Mexico.

That there are no serious physical difficulties in the way of such extension has been well known since the time of Humboldt's visit to Mexico, at the beginning of this century. In his political essay on New Spain, that eminent observer, who paid particular attention to the topography of the country, with reference to its facilities for commerce, gives an accurate and most interesting geographical description of the portion of Mexico that would be so traversed. The following statement in its principal features is taken mainly from his observations:

The eastern coast of Mexico has, properly speaking, no port; for Vera Cruz is merely a bad anchorage between the shallows of La Caleta, La Gallega, and La Lavandera. From this port, such as it is, a narrow belt of lowland extends to the mountains, and then there is an ascent, which is almost impracticable for a railway to the principal, most desirable, and most populous part of Mexico, the high table-land on which the City of Mexico as well as all the most important cities are situated. There is not in the whole country, after leaving the Gulf coast, a single navigable river.

From the City of Mexico the high table-lands extend with a gradual descent toward the north to Texas and as far as New Mexico. Humboldt expressly calls attention to this admirable topography for a wagon-road, and points out how, from the line of Louisiana, an almost uninterrupted plain leads with a very gradual ascent to the plateau upon which the City of Mexico is situated.

South of the Rio Grande there is not a noticeable river to be crossed.

The distinguished geographer speaks of wagon-roads simply because railroads were not then known. But from his remarks, confirmed as they have been by all subsequent observers, the conclusion is irresistible that if any country is both destined to be developed by railroads and dependent on railroads for its development, it is the high table-land of Mexico from the City of Mexico to the Rio Grande, and that nature itself indicates the line for such railroads. One or more railroads extended from Texas into Mexico on this natural route would connect the important cities of Monterey, San Luis Potosi, Durango, Zacatecas, Aguas Calientes, Guadalajara, Leon, Guanajuato, Queretaro, the City of Mexico, and many others with our country.

In my opinion, Mr. President, there are very few persons who cor-

rectly estimate the importance of the commerce that must grow up between this country and Mexico whenever railways from Texas shall penetrate the interior of that republic and the cordial relations which ought to exist between the United States and her neighbor shall repose on a solid foundation. It will be greater than that which was the boast of Venice "when she held the gorgeous East in fee."

The importance of this great transcontinental line of railway cannot be better stated than it was by my honorable friend the Senator from Mississippi in his late speech in the Senate. That Senator presented the whole subject with characteristic force and breadth of view. For myself, Mr. President, I have a profound conviction that we ought, before the adjournment of Congress, to take such measures as will secure the speedy construction of the lines of railway provided for by my bill. Their construction will revive the crippled industries of the South, and the beneficial results will be felt by the whole country. The construction of the line from San Antonio to El Paso will give peace to the frontier between Texas and Mexico, and cannot fail to develop in a short time the most intimate commercial relations between the United States and that wonderful country whose matchless wealth and romantic beauty moved to enthusiasm the philosophic mind of Humboldt, and which is destined at no distant day to pour into the lap of commerce treasures surpassing all that was ever dreamed of by its Spanish conquerors.

If I did not most sincerely believe that the measure proposed by me is best for the people, best for the Government, and best for the roads themselves I would withdraw it. I have nothing so much at heart as this southern transcontinental line. And that it is the better measure a brief summing up in conclusion will demonstrate.

One bill will make, if all the lines contained in it are made, twenty-eight hundred miles of road for $28,000,000, upon which the Government pays no interest, but receives it. The other bill will make about fourteen hundred miles of road, all in the hands of a single mammoth corporation, for which the Government is bound for $1,937,500 annually for fifty years, making in all $96,875,000.

One bill will employ hands enough to make twenty-eight hundred miles of road in six years and will cause the purchase of iron, &c., enough to equip it. These roads are in different sections of the country and lead to several important ports, both Atlantic and Pacific. The other bill will only employ labor and the purchase of supplies to about half the amount.

One bill is plain and simple in its provisions and leaves nothing for litigation or dispute. The other bill constitutes the United States the agents, without compensation, to sell the lands of the Texas and Pacific Company, and has provisions about "earnings," "net proceeds," &c., which have led us once into trouble and will be sure to do so again.

One bill provides for a speedy winding up of all questions between the Government and the road. The other bill will make a chronic sore—will require annual legislation for fifty years, in all probability.

One bill will end the wrangle about the Army, dissipate all apprehension of war from border troubles, and attract Mexican trade through many channels along the Rio Grande. The other bill does not approach Mexican territory till it nears El Paso, and of course will not afford such means of reaching Mexico.

Let Congress and the people decide between the two, and I invite their careful and earnest consideration; and whatever be their decision, I will abide by it.

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